

PERS EMPLOYER ADVISORY GROUP MEETING

Date: 04/22/22

Time: 10:00 a.m.–12:00 p.m.

Location: MS Teams

TYPE OF MEETING	EAG Meeting
FACILITATOR	Sam Paris
NOTE TAKER	Lindsay Partain
CALL-IN NUMBER	+1 971-300-4342 Phone Conference ID: 715 143 891#
ATTENDEES	<p>EAG Members: Lori Sattenspiel, Oregon School Boards Association; Nancy Brewer, League of Oregon Cities: City of Corvallis; Rhonda Miller, City of Salem; Thomas Andrews, PCC; Trudy Vidal, State of Oregon: Department of Administrative Services; Scott Winkels, League of Oregon Cities</p> <p>PERS: Alex Gaub, Alison Burman, Amanda Marble, Brandon Armatas, El Rossman, Elli Probasco, Heather Case, Jake Winship, Kevin Olineck, Laurel Galego, Lindsay Partain, MaryMichelle Sosne, Richard Horsford, Sam Paris, Shawn Harper, Stephanie Vaughn, Yvette Elledge-Rhodes</p> <p>Guests: Katie Kicza, Gay Lynn Bath, Carol Samuels, Shauna Tobiasson, Cheryl Carder, Christine Moody, Jeff White, Claire Havener, Suzanne Linneen, Heather Mercer</p>

NOTES

TOPIC	Welcome	Sam Paris
TIME: 10:00–10:02		
Sam Paris, PERS’ Chief Operations Officer, welcomed the Employer Advisory Group (EAG) and went over the EAG meeting agenda.		

TOPIC	Director’s Office Update	Kevin Olineck
TIME: 10:02–10:06		
Kevin Olineck, PERS’ Director, provided a Director’s Office update. We will be reopening to the public on Monday, May 2, 2022. The May 27, 2022, board meeting will be held as a hybrid meeting with in-person and MS Teams options available. Kevin gave a quick update on the 2023-25 budget planning, renewal rates, and the agency request budget.		

TOPIC	Legislative Update	Heather Case
TIME: 10:06–10:13		
<p>Heather Case, PERS’ Senior Policy Advisor, gave a brief legislative update. There were only a few items that affected PERS directly. The session adjourned on March 4, 2022. Bills that passed in the legislative session:</p> <p>SB 1522 is a charter school salary-definition fix. If you are not part of a charter school, it won’t affect you. It is a redo of the SB 111 charter school amendment regarding out-of-state salary being subject salary.</p> <p>SB 1525 updated the Federal Tax Connection bill to the version of the Internal Revenue Code that was in effect December 31, 2021, or January 1, 2022 (some provisions).</p> <p>HB 5202 is a budget omnibus bill. PERS received more than \$17 million to fund employers on the waitlist from EIF Cycle One.</p> <p>During 2022, we reported to the legislature on three subjects: SB 1522 Employer Programs Reporting, Preliminary Earnings Crediting, and SB 1049. All reports were accepted by the committees.</p> <p>Our upcoming 2023 Legislative Concepts were presented to stakeholders on February 9, 2022, and we received great feedback. The PERS Board voted to move the concepts forward at the March 28, 2022, meeting. On April 15, 2022, the concepts were submitted for consideration by the Department of Administrative Services and the Governor’s Office; we will be working with them through May to get them sent to the Legislative Council for drafting on June 3, 2022.</p>		

TOPIC	SB 1049 Program Update	Yvette Elledge-Rhodes
TIME: 10:13–10:17		
<p>Yvette Elledge-Rhodes, PERS’ Deputy Director, went over the SB 1049 Roadmap and gave a general project update.</p> <p>Work After Retirement (WAR) closed successfully on February 24, 2022, after its last work package.</p> <p>The 2023-25 budget planning is underway. We have two projects and one program initiative that remain in process: Member Redirect, Technical Debt, and the Cross-Project initiative. The final work packages mostly cover the internal processes and related technical debt.</p> <p>Elli Probasco provided the group with an update on the Technical Debt Project. User acceptance testing for the new employer statement format (Work Package 1) starts on Monday, April 25 and will go through July. We can still use additional testers; if you are interested, please email the EAG mailbox and we will connect with you about how to test with us and how to use the testing systems. We are also working on the communications for employers to be distributed prior to the July 21, 2022, deployment.</p>		

Question: How substantial will the changes be to the employer statement?

Answer: The changes won't change the way you use your statement. The statement will be better organized, and the information will be more accessible.

TOPIC	Communications Update	Shawn Harper
TIME: 10:17–10:22		
<p>Shawn Harper, PERS' Employer Communications Specialist, gave a brief overview of updates from the Communications Section.</p> <p>Three of the five UALRP guides have been updated to reflect the latest actuarial valuations, the new rate collaring methodology, and the new assumed rate passed last year. The updated guides are the Guide to Understanding Your Rate, Guide to Understanding Your Valuation, and Guide to Understanding Pooling.</p> <p>All five guides can be found online on the PERS website at: https://www.oregon.gov/pers/EMP/Pages/UALRP.aspx#guides.</p> <p>It's time for the Satisfaction Surveys: there is one for members and one for employers. You will have from May 1 through May 31 to fill out the surveys. These surveys give us feedback that helps us find where we need to make improvements and if the improvements that we've made are effective.</p> <p>Also, be sure to read the May Employer News coming out May 2. It has informative articles about bonuses for school employees and reporting unused sick leave.</p>		

TOPIC	Actuarial Update	MaryMichelle Sosne
TIME: 10:22–10:26		
<p>MaryMichelle Sosne, PERS' Actuarial Business Specialist, gave an actuarial update.</p> <p>The EIF waitlisted employers have been contacted. Right now, we're in a holding pattern and can't offer matches until the EIF amendments are made in the upcoming May 27 PERS Board meeting. The deadline for payments is March 31, 2023.</p> <p>Question: What will leftover funds, if any, be used for?</p> <p>Answer: Any remaining funds would be moved to the next cycle so that we don't have to keep going through the OAR amendment process. However, General Fund dollars can only be used for the Cycle One waitlist, so we plan to use all of those dollars to fund Cycle One matches before we use the lottery dollars. Any sport-betting proceeds that aren't spent for Cycle One will be saved for Cycle Two.</p>		

As a reminder, the same requirements apply to these payments as the first EIF cycle: payments must come from non-borrowed funds, and you are guaranteed up to your match amount. You may choose to go over your original lump sum payment, but your match will remain the same. If you choose to reduce your payment, your match will be reduced accordingly.

If you have any feedback, questions, or concerns we encourage you to reach out to the actuarial.services@pers.oregon.gov inbox.

TOPIC	Additional Items	Sam Paris
TIME: 10:26–11:18		
<p>Sam Paris introduced the remaining additional items.</p> <p>Laurel Galego provided Employer Service Center (ESC) Reporting Tips on Average Overtime Hours. We've noticed that many employers report "0" for a new hire's average overtime when it may not be a true reflection. Just a reminder that when you submit a Detail 1 (DTL1) new-hire record, the Average OT field is required for all employees, although the number is only applied to OPSRP employees to prevent them from artificially spiking their final average salary. In the DTL1 record, Average OT field, you'll see a drop down of 100-hour increments for expected overtime of that job classification. If the overtime requirements of that position change going forward, you can adjust the average OT number for that job category by submitting a Demographic Correction Request (DCR).</p> <p>Question: Are we expected to change the average overtime for last year and then again for this year?</p> <p>Answer: Many employers haven't entered any expected overtime, so that needs to be evaluated. If there's a one-off change due to COVID years, ESC will follow up with those employers.</p> <p>Question: We pull a report every year for our OPSRP employees' overtime across the entire state by geographical location. How often do we need to be doing this?</p> <p>Answer: (Employers responded with answers of "every five years" and "every year.")</p> <p>Question: What if when someone retired, they didn't work the average overtime in the classification. Do they get credit for OT they didn't work?</p> <p>Answer: No. It will show in their salary that they had no or less OT reported.</p> <p>Question: (Shauna) The state would like to propose a legislative concept for discussion surrounding the Average OT. We would like something added to the statute that clarifies a timeframe for the average so we know how often the average overtime should be re-evaluated, and so that we employers can be consistent. We would also like a process put in PERS' systems to allow for easier updating of employee accounts.</p> <p>Answer: (Heather) I would love to discuss this with you a bit more. Our policy folks and I can connect with you around specific language to ensure that statutory changes will do what you would like it to do. Heather Case to email Shauna to set up a meeting.</p>		

Sam went over the **EAG Survey results**. We had 29 responses, 45% of which were EAG Members. Overall, we had positive responses on effectiveness and insight on policies that impact employers; however, some respondents feel the group has strayed from its charter and would like to see more collaboration. The most popular meeting topics are legislative updates, SB 1049, special projects, and actuarial updates. In terms of increasing EAG member participation, it was suggested that we try and use in-meeting questions/surveys, more active collaboration, and incorporation of members' feedback, and offer a way to ask questions privately. None of the responders wanted to change the meeting date and time. Most respondents (62%) voted to have a hybrid meeting format going forward, so we will continue to explore this option for future meetings.

Brandon Armatas gave a brief update on **member annual statements**. Minor cosmetic updates to the templates are being made, no data changes. The biggest take-away this year is that there aren't any new data points. We are working to confirm member data and are on track to mail the statements by late May.

We know that returned mail does prompt questions. Last year, we took pro-active steps to make sure we had accurate addresses and have taken similar steps this year to encourage members to update their addresses. We are using the National Change of Address Database again to ensure we have the most accurate and up-to-date addresses. Resources for you in fielding possible questions that could arise: the statements will have a back page providing high-level information, the April *Perspectives* included a detailed article on highlighting key aspects of the statements for both Tier One/Tier Two and OPSRP members. On the PERS website you'll be able to find a [MAS FAQ](#) that highlights details for members and includes four interactive example statements that explore fields and data points. For additional assistance, you can also contact [PERS Member Services](#) phone and correspondence teams.

Question: How do the employers find out about the address change so it can be updated in the employer system?

Answer: It's a database that Publishing & Distribution (P&D) has access to that they run against the national database, and then we use what that database has. We are exploring options on how to get addresses updated without burdening the employers. The information has been passed along to the project team to look further into this.

Response: It would be helpful if in the future we could receive a list of the discrepancies on addresses.

Heather Case provided the group with information on **HB 2005 implementation**. This is the Paid Family Medical Leave Insurance Act. We received a request to address this topic. We are working with the statute as it was passed/written. It was passed in 2019 and goes into effect January 1, 2023, with payments to employees beginning September 2023.

Are payments subject salary or not? In discussion with the Oregon Employment Department on structure, "where do the payments come from?" became the most important question. As we learned from the Employment Department, payments can come from one of the following:

- 1) Employers can choose to participate in the program as it will be run through the state. Payments will come from the Employment Department "state of Oregon." Payments are non-subject salary.
- 2) Employers can establish their own comparable program paid with the employer funds. Payments are subject salary.
- 3) Employers can establish their own comparable program paid through a third party (e.g., insurance company). Payments are non-subject salary.

Regarding service time, our policy team has said that if leave payments through HB 2005's program come from employers' funds, employees would be getting paid leave for that, and therefore, would receive service time credit for that time. If it's reported as LWOP, they would not receive service credit for that time.

Oregon Employment Department is putting out an FAQ on the effect of PERS situations and we will be linking to it on our website once we have that information. An article will also be put in the *Employer News* closer to January 2023. According to the OED, employees can use accrued leave from their employer as well as payments from the Paid Family Medical Leave Insurance Act in order to make up to 100% salary replacement. These "hybrid" situations will be more complex, and we will have to see how much control employers have over how employees use of accrued leave is distributed during a period of time (pay period, month, etc.) before being able to advise about how to report.

Question: There was a request to discuss how the Oregon Paid Family Medical Leave program may be interpreted by PERS as to its effect on service credit and how payments might be treated as subject salary.

Answer: How the program works is that the paid leave act only pays a portion of an employee's full salary while on leave, and the employee can choose under the act to use their accrued leave time to make up for the remainder.

Question: When people are on protected leave, is their service credit still intact?

Answer: If they are on LWOP, they do not receive service credit. They need to be working and receiving pay (vacation and sick leave count as working and pay). The term "protected leave" applies to their job being protected, not other benefits.

We have to go with how our statutes are written and how the program has been set up by the Oregon Employment Department since this statute has already passed and is law.

Response: DAS is in monthly meetings on this topic with the Employment Department. We will make sure to voice any concerns if they make decisions that make it difficult to report for PERS purposes. Please feel free to reach out to Trudy Vidal (State of Oregon Statewide Financial Management Services (SFMS) Operations Manager) if you are seeing something that is concerning, as she is part of those monthly meetings. Trudy also agreed to keep an eye out and raise concerns regarding employer PERS reporting, if needed.

We highly encourage employers to visit the [Paid Family and Medical Leave webpage](#) and email the Employment Department directly (paidleave@oregon.gov) with your questions.

Paid Family and Medical Leave: www.oregon.gov/employ/PFMLI/Pages/PFMLI-General-Information.aspx

TOPIC	Questions	Sam Paris
TIME: 11:18–11:22		
<p>With the remaining time, Sam opened up the meeting to EAG members for questions and discussion.</p> <p>Question: Several members have asked for this group to work on the format of the actuarial valuations. There is some concern that we may be too late to make meaningful changes. It would be helpful to have ways to make the valuation report more user friendly. Would like to look at the form with the Milliman folks on ways that this might be improved.</p> <p>Answer: (Jake) I would like to ask that first we have a meeting on the PERS side with a representative group of people to have a more in-depth discussion on this topic. Jake will be sending an email to set this up by next week.</p> <p>Upcoming meetings that may be of interest to EAG members include:</p> <ul style="list-style-type: none"> • PERS Board - May 27, 2022 • Oregon Investment Council - June 1, 2022 • Employer Advisory Group - July 15, 2022 <p>Any additional feedback on EAG meetings and items you would like discussed are always appreciated. Please direct your emails to the EAG inbox: Employer_Advisory_Group@pers.oregon.gov.</p>		
Next meeting facilitator: Sam Paris		
Next meeting date and time: July 15, 2022, 10:00 a.m.–12:00 p.m.		